

THE BOULDERS CLUB

MEMBERSHIP AGREEMENT AND BY-LAWS

AMENDED AND RESTATED 05/23/08

UPDATED FOR CHANGE IN OWNERSHIP EFFECTIVE APRIL 24, 2015

1. RECITALS.

1.1 Purpose of Membership Agreement. This Membership Agreement and By-laws (the "Agreement") shall set forth the provisions of the agreement between CP Boulders LLC , doing business as The Boulders Club ("The Boulders") and the members of The Boulders Club (the "Members") pertaining to the Members' rights and privileges as members of The Boulders Club and their use of the Club Facilities (defined below). For purposes of this Agreement, "Club Facilities" shall mean and refer to the following currently existing facilities: One of the two 18 hole golf courses (the "Golf Courses") which is made available for Member play as provided in this Agreement; the members only driving range, putting green and chipping practice area; eight (8) tennis courts (the "Tennis Courts") which are located near the Golf Pro Shop (defined below) and the Tennis Pro Shop (defined below); the golf pro shop (the "Golf Pro Shop"); the tennis pro shop (the "Tennis Pro Shop"); the member-only fitness center at The Boulders Club; the swimming pool facilities; men's and ladies' locker rooms, including a members only lounge; the food and beverage facilities, including banquet facilities located near the Golf Pro Shop; the other Club Facilities currently located near the Golf Pro Shop; the Boulders Spa or its successors ; and any replacements or relocations of the facilities listed above (collectively, the "Club Facilities").

1.2 Effectiveness of Agreement. All memberships in The Boulders Club ("Memberships") shall be subject to the provisions of this Agreement. This Agreement shall be a part of the Membership Application or Membership Agreement. When making an application for Membership, the applicant shall be deemed to have agreed to be bound by the Agreement provisions if accepted for Membership.

1.3 Non-Equity Membership. All Memberships in The Boulders Club are non-equity memberships. The Boulders Club and the Club Facilities are owned by The Boulders. A Membership in The Boulders Club confers on the Members no ownership rights to The Boulders Club or the Club Facilities. The Members only rights to use The Boulders Club and the Club Facilities are as provided in this Agreement and, as to Premier Members, The Boulders Club Membership Plan.

1.4 Membership Classifications. There are four Membership classifications: Premier Golf, regular Golf, Premier Social, and Premier Clubhouse. There are two sub-classifications of each Membership classification, Individual and Family. All Memberships shall be issued as either a refundable or non-refundable Membership. The rights, privileges and obligations of each Membership classification are set forth below. The Club may also offer up to fifty (50) Associate Tennis Memberships, on an annual renewable basis, to persons who do not own

Residential Lots (as hereinafter defined). Prior to May 23, 2008 ("Amendment Date"), the Club also offered a limited number of Social, Clubhouse, Premier Charter and Charter Memberships, which are not being offered for acquisition by new Members. The rights and privileges of these Memberships are set forth in the respective Membership Agreements.

1.5 Original Members. All active issued and outstanding Memberships that were issued prior to the Amendment Date are referred to herein as "Original Memberships" and such members are referred to as "Original Members." All references herein to the "Members," or a particular Membership classification shall include both Original Members and Members whose Memberships were issued subsequent to the Amendment Date, unless otherwise indicated.

1.6 The Boulders Development. The Boulders Club and the Club Facilities are part of a first-class development of approximately 1,000 acres of real estate ("The Boulders Development"). The Boulders Development currently contains the Club Facilities, residential lots together with any dwelling units built thereon, including lots within that certain condominium project known as the "Casitas" (collectively the "Residential Lots"), a resort hotel (the "Resort") and commercial properties. The guests of the Resort have certain rights to use the Golf Courses and those portions of the Club Facilities not reserved for the exclusive use of the Members. "Residential Lots" shall not be deemed to include those lots within The Boulders Development known as the "Villas" as shown on Exhibit A attached hereto. Accordingly, owners of lots within the "Villas" will not be entitled to Membership in The Boulders Club by virtue of their ownership of lots within the "Villas" and shall have no greater right to Membership within The Boulders Club than the general public owning residences that are not located within The Boulders Development.

1.7 The Boulders Club. For purposes of this Agreement, "The Boulders Club" shall be deemed to mean and refer to the organization comprising The Boulders and the Members and the rights, privileges and obligations of the Members and The Boulders under this Agreement.

1.8 Management of The Boulders Club. The Boulders shall be responsible for managing and operating The Boulders Club in a first-class manner in accordance with the policies and procedures implemented in accordance with this Agreement.

2. **RIGHTS OF MEMBERSHIPS.**

2.1 Regular Golf and Premier Golf Memberships; Golfing Experience Preservation

A. Regular Golf Memberships. A regular Golf Member, his or her spouse, and, if the Member has a Family Membership, the members of his or her immediate family who are under the age of 23 and living at home (the "Family"), shall be entitled to the following use rights of the Club Facilities:

(i) Use of one of the Golf Courses. Each day, The Boulders staff will designate one of the Golf Courses for the exclusive use of the Members ("Member Course"). The other Golf Course ("Resort Course") may be made available for use by Resort guests and others permitted by The Boulders;

(ii) Sponsor the use of a Golf Course by a non-Member upon the payment of applicable guest greens fees;

(iii) Use of the Tennis Courts. Each day The Boulders staff will designate one-half of the Tennis Courts for the exclusive use of the Members. The other one-half of the Tennis Courts may be made available for use by Resort guests and others permitted by The Boulders;

(iv) Use of the swimming pool, spa, fitness and locker room facilities which are a part of the Club Facilities (the exercise room and movement studio are for Members and their guests only);

(v) Use of the Tennis Pro Shop and Golf Pro Shop, which are part of the Club Facilities;

(vi) Use of all food and beverage facilities which are a part of the Club Facilities, including private function rooms. Use of the private function rooms must be arranged in advance with the Manager of The Boulders Club's food and beverage operations; and

(vii) Exclusive use with other regular Golf and Premier Golf Members and their guests of the locker room facilities designated for use by "Golf Members and Their Guests Only."

(viii) Access to the Boulders Spa or its successors to the same extent as the general public.

B. Premier Golf Memberships. A Premier Golf Member, his or her spouse, and if the Premier Golf Member has a Family Membership, his or her Family shall be entitled to the following use rights of the Club Facilities:

(i) Use of the Member Course;

(ii) Sponsor the use of a Golf Course by a non-Member upon the payment of applicable guest greens fees;

(iii) Use of the Tennis Courts. Each day The Boulders staff will designate one-half of the Tennis Courts for the exclusive use of the Members. The other one-half of the Tennis Courts may be made available for use by Resort guests and others permitted by The Boulders;

(iv) Use of the swimming pool, spa, fitness and locker room facilities which are a part of the Club Facilities (the exercise room and movement studio are for Members and their guests only);

(v) Use of the Tennis Pro Shop and Golf Pro Shop, which are part of the Club Facilities;

(vi) Use of all food and beverage facilities which are a part of the Club Facilities, including private function rooms. Use of the private function rooms must be arranged in advance with the Manager of The Boulders Club's food and beverage operations;

(vii) Exclusive use with other regular Golf and Premier Golf Members and their guests of the locker room facilities designated for use by "Golf Members and Their Guests Only"; and

(viii) Preferred use of the Boulders Spa or its successors.

C. Preservation of Golfing Experience.

(i) Generally. As the number of Golf Memberships increase, The Boulders shall use its best efforts to provide a "quality golf experience" (the definition of which shall include but not be limited to the hereinafter set forth factors) for Members. Such efforts will focus on the availability of tee times, the speed of play, the accessibility of the golf-related practice facilities and other aspects pertinent to a golfing experience.

The following factors shall be part of what makes a quality golf experience:

1. The primary objective should be to make golf an enjoyable experience for the Members and guests alike, to establish an atmosphere that leads to good play, good fellowship and inherent courtesy on the Golf Course. All Members, staff and facilities should be measured by these standards.

2. All competitive play must conform to the basic guideline of a 4 ½ hour per round objective pace of play.

3. Members will not be restricted on the number of tee times they can reserve in a given week (no more than one per day for each person on the Membership).

4. The Boulders Club will have systems in place to assist Members looking to secure last minute tee times. This will be at a minimum, a system managed by the Golf Pro Shop to maximize utilization of tee times on the Member Course and the ability to play the Resort Course on a space available basis as determined solely by the Golf Pro Shop staff.

5. The quality of the Golf Course and practice facilities shall be no less than the current level of excellence comparable to other first-class golf facilities in the Phoenix metropolitan area. The Boulders will engage an agronomic expert no less than once per year to evaluate the condition of the golf courses and confirm that the agronomic practices are consistent with other first-class golf facilities in the Phoenix metropolitan area. The report will be made available to the Advisory Committee, as defined in Section 7.2B hereof.

6. Guest policies for golf will be jointly determined between Club management and the golfing membership to ensure that all Members have access to the course during peak periods of play.

7. Guest fees will be competitive with other local clubs.
8. Locker room facilities for men and women will be sized and equipped to permit full service to Members.
9. The dining facilities will include casual and semi-formal areas for Members to eat and entertain guests unless otherwise requested by the membership. These facilities will be located to take advantage of the great vistas from the clubhouse.
10. The quality of service at the Club will be no less than that experienced at The Boulders Resort.
11. There will be adequate clubhouse facilities to accommodate normal membership functions in addition to offering smaller rooms for private gatherings or meeting.
12. The quality of service and food will be centered around traditional exclusive club menus plus innovative specials that the chef will offer on a regular basis.
13. The Club staff will maintain traditions and policies through orientation of new Members and training of all golf, spa and food service staff.

(ii) Membership Cap. The maximum number of Golf Memberships, including regular Golf and Premier Golf Memberships, not including the Memberships of Charter Members, that can be issued by the Board of Directors shall be four hundred (400).

2.2 Social and Premier Social Memberships.

A. Social Memberships. Social Memberships are not offered. A Social Member, his or her spouse, and, if the Social Member has a Family Membership, his or her Family (defined in Section 2.1 A above) shall be entitled to the following use rights of the Club Facilities:

(i) Use of the Tennis Courts. Each day, The Boulders staff will designate one-half of the Tennis Courts for the exclusive use of the Members. The other one-half of the Tennis Courts may be made available for use by Resort guests and others permitted by The Boulders; court times may be reserved one (1) day in advance.

(ii) Use of one of the Golf Courses designated by The Boulders staff. Tee times may be reserved one (1) day in advance.

(iii) Use of the swimming pool, spa, fitness and locker room facilities which are a part of the Club Facilities (the exercise room and movement studio are for Members and their guests only);

(iv) Use of the Tennis Pro Shop and Golf Pro Shop, which are part of the Club Facilities; and

(v) Use of all food and beverage facilities which are a part of the Club Facilities, including private function rooms. Use of the private function rooms must be arranged in advance with the Manager of The Boulders Club's food and beverage operations.

(vi) Social Members will have access to the Boulders Spa or its successors to the same extent as the general public.

B. Premier Social Memberships. A Premier Social Member, his or her spouse, and, if the Premier Social Member has a Family Membership, his or her Family (defined in Section 2.1 A above) shall be entitled to the following use rights of the Club Facilities:

(i) Use of the Tennis Courts. Each day, The Boulders staff will designate one-half of the Tennis Courts for the exclusive use of the Members. The other one-half of the Tennis Courts may be made available for use by Resort guests and others permitted by The Boulders; court times may be reserved one (1) day in advance.

(ii) Use of one of the Golf Courses designated by The Boulders staff. Premier Social Members may play golf a total of six (6) times during the months of October through May and without limitation of the number of rounds during the rest of the year, subject to availability. Notwithstanding the foregoing, Social Members who acquired a Premier Social Membership prior to June 24, 2000 will not be limited in the number of times they can play from October through May. Tee times may be reserved one (1) day in advance.

(iii) Use of the swimming pool, spa, fitness and locker room facilities which are a part of the Club Facilities (the exercise room and movement studio are for Members and their guests only);

(iv) Use of the Tennis Pro Shop and Golf Pro Shop, which are part of the Club Facilities;

(v) Use of all food and beverage facilities which are a part of the Club Facilities, including private function rooms. Use of the private function rooms must be arranged in advance with the Manager of The Boulders Club's food and beverage operations; and

(vi) Preferred use of the Boulders Spa or its successors.

2.3 Clubhouse and Premier Clubhouse Memberships

A. Clubhouse Memberships. Regular Clubhouse Memberships are not offered. A Clubhouse Member, his or her spouse, and, if the Clubhouse Member has a Family Membership, his or her Family (defined in Section 2.1 A above) shall be entitled to the following use rights of the Club Facilities:

(i) Use of the Tennis Courts. Each day, The Boulders staff will designate one-half of the Tennis Courts for the exclusive use of the Members. The other one-half of the Tennis Courts may be made available for use by Resort guests and others permitted by The Boulders; court times may be reserved one (1) day in advance.

(ii) Use of the swimming pool, spa, fitness and locker room facilities which are a part of the Club Facilities (the exercise room and movement studio are for Members and their guests only);

(iii) Use of the Tennis Pro Shop and Golf Pro Shop, which are part of the Club Facilities; and

(iv) Use of all food and beverage facilities which are a part of the Club Facilities, including private function rooms. Use of the private function rooms must be arranged in advance with the Manager of The Boulders Club's food and beverage operations.

(v) Clubhouse Members will have access to the Boulders Spa or its successors to the same extent as the general public.

B. Premier Clubhouse Memberships. A Premier Clubhouse Member, his or her spouse, and, if the Premier Clubhouse Member has a Family Membership, his or her Family shall be entitled to the following use rights of the Club Facilities:

(i) Use of the Tennis Courts. Each day, The Boulders staff will designate one-half of the Tennis Courts for the exclusive use of the Members. The other one-half of the Tennis Courts may be made available for use by Resort guests and others permitted by The Boulders; court times may be reserved one (1) day in advance.

(ii) Use of the swimming pool, spa, fitness and locker room facilities which are a part of the Club Facilities (the exercise room and movement studio are for Members and their guests only);

(iii) Use of the Tennis Pro Shop and Golf Pro Shop, which are part of the Club Facilities;

(iv) Use of all Club food and beverage facilities which are a part of the Club Facilities, including private function rooms. Use of the private function rooms must be arranged in advance with the Manager of the Club's food and beverage operations; and

(v) Preferred use of the Boulders Spa or its successors.

2.4 Associate Tennis Memberships. An Associate Tennis Member, his or her spouse, and, if the Associate Tennis Member has a Family Membership, his or her Family shall be entitled to the following use rights of the Club Facilities:

(i) Use of the Tennis Courts. Each day, The Boulders staff will designate one-half of the Tennis Courts for the exclusive use of the Members. The other one-half of the Tennis Courts may be made available for use by Resort guests and others permitted by The Boulders; court times may be reserved one (1) day in advance.

(ii) Use of the Tennis Pro Shop, which is part of the Club Facilities.

(iii) Use of the Boulders Spa or its successors to the same extent as the general public.

The Club may elect not to renew any Associate Tennis Membership at the end of any year, in its sole discretion.

3. PRIVILEGES OF MEMBERSHIPS.

3.1 Available to All Memberships. All Members shall have the following privileges:

(i) A discount (currently equal to 10% off best available rate) on the room portion of the rate charged for stays at The Boulders Resort Sunday through Wednesday, as determined by The Boulders Club from time to time. This discount is applicable to rooms which are reserved in advance for the Member's use and which the Resort has available on a space available basis;

(ii) A 15% discount on the full retail price of merchandise purchased by the Member in the Golf Pro Shop, the Tennis Pro Shop and the Resort gift shop when charged to the Member's account;

(iii) A 20% discount on food and beverages purchased at the Club and Resort operated dining facilities; and

(iv) A 20% discount on wine purchased in the Club and Resort operated dining facilities.

(v) Charging privileges for Member charges in connection with the use of any of the Club Facilities or Resort facilities, including the Golf Pro Shop, the Tennis Pro Shop and the Resort gift shop;

(vi) Charging privileges for Member charges in connection with the use of the Spotted Donkey (subject to cancellation in the case of a change in ownership);

(vii) Use of the Resort restaurants by the Member and his or her Family, regardless of whether the Member's Membership is a Family Membership. To utilize this privilege, the Member or his or her Family should make advance reservations directly with the Resort restaurant or through The Boulders Club's restaurant manager;

(viii) Use of the Resort's concierge services for assistance with transportation, special events and other services made available to the Resort guests;

(ix) For Individual Memberships, the use of The Club restaurant by the Individual Member's Family; and

(x) Use of the locker rooms set aside for the daily use of Members and their guests.

3.2 Unique to regular Golf and Premier Golf Memberships.

A. Regular Golf and Premier Golf Members shall have the following privileges:

- (i) Reserve a tee time for the use of the Member Course as early as seven (7) days prior to the date of the desired use;
- (ii) Reserve court time on the Tennis Courts as early as two (2) days, but not later than two (2) hours, before the date and time of the desired use;
- (iii) Pay only a cart fee or, if applicable, an annual trail fee when playing golf;
- (iv) For any guest who is playing golf with a regular Golf or Premier Golf Member, pay only the guest fee applicable to accompanied guests of Members;
- (v) For any guest who is playing golf but is not accompanied by a regular Golf or Premier Golf Member, pay the guest fee applicable to Member unaccompanied guests; and
- (vi) Affiliation with and all privileges offered by, the United States Golf Association and the Arizona Golf Association.

3.3 Unique to Social and Premier Social Memberships.

A. Social and Premier Social Members shall have the following privileges:

- (i) Reserve court time on the Tennis Courts as early as one (1) day, but not later than two (2) hours, before the date and time of the desired use; and
- (ii) Reserve a tee time for the use of the Member Course as early as one day prior to the date of the desired use;
- (iii) Pay only a guest fee applicable to accompanied guests of regular Golf and Premier Golf Members when playing golf; and
- (iv) For any guest who is playing golf with a Social or Premier Social Member, pay only the guest fee applicable to Resort guests.

3.4 Golf Access for Premier and regular Social Members. The Club agrees that any Premier Social Memberships issued after June 23, 2000 will have no greater golf privileges than the ability to play golf a total of six (6) times during the months of October through May and without a limit on the number of rounds during the rest of the year, subject to availability, upon payment of a guest fee applicable to accompanied guests of Golf Members and with a one-day advance sign-up privilege for tee times. The foregoing shall not apply to regular Social Members or Premier Social Members who converted their membership from Social Membership prior to June 24, 2000.

The foregoing shall also not apply to Premier Social Memberships or regular Social Memberships issued in connection with the sale of a residential lot in The Boulders Development where the seller's Social Membership has greater golf privileges than those recited above.

3.5 Unique to Premier Golf, Premier Social and Premier Clubhouse Memberships.

A. Premier Golf, Premier Social and Premier Clubhouse Members shall have the following privileges:

(i) A 20% discount on all spa treatments and services at the Boulders Spa or its successors ; and

(ii) A 15% discount on retail purchases at the Boulders Spa or its successors.

3.6 Lessees of Residences Constructed on Residential Lots. If a Member has constructed a home on a residential lot and has leased the entire home to an individual, that Member may, upon receipt of written approval of The Club Manager, allow the lessee of the Member's home to use the Club Facilities available under the Membership for the term of the lessee's lease of the Member's home. During such time, the Member and his or her family shall have no right to use the Club Facilities and the lessee shall be obligated to pay greens fees for golf and use charges for the use of the other Club Facilities as are set forth from time to time by the Board of Directors. If a Member desires to allow the lessee of his or her home to so utilize the Club Facilities, the Member shall submit a written request to The Club Manager. This request shall set forth the name of the lessee and, if the Membership is a Family Membership, the members of his or her family who will be utilizing the Membership. In addition, this request shall note the length of lessee's lease of the Member's home. The Club Manager, in its sole discretion, shall be entitled to approve or deny any such request and to limit the total number of lessees using the Club Facilities. The Member shall be responsible for all dues assessed during the lessee's use of the Club Facilities as provided in this Section and for all unpaid charges and other obligations of the lessee and his or her family. The use of the Golf Courses and the other Club Facilities by such lessees shall be governed by rules and regulations established from time to time by the Board of Directors. The rules and regulations will, among other things, restrict the golfing privileges by a regular Golf, Premier Golf, regular Social or Premier Social Member's lessee to the Resort Course and make such golfing privileges available to a lessee on a space-available basis. With respect to Premier Members only, for purposes of this Section, the Boulders Spa or its successors shall be deemed part of the Club Facilities so that Premier Members' lessees will have access to the Boulders Spa or its successors on the terms and conditions provided above.

4. **APPLICATION FOR MEMBERSHIP.**

4.1 Application. All applications for Membership shall be made in writing on a form approved by the Board of Directors. The applications shall be submitted to the Board of Directors. The Board of Directors will review the application, investigate each applicant and decide whether the applicant will be admitted as a Member of The Boulders Club. The Board of Directors shall keep confidential its proceedings concerning the applicant's application.

4.2 Initiation and Transfer List Fees.

A. Premier Social, Premier Clubhouse, or Available Premier Golf or regular Golf Membership. If the application pertains to a Premier Social Membership or a Premier Clubhouse Membership, then the application submitted to the Board of Directors shall be accompanied by a check for the then-applicable initiation fee. If the application pertains to a Premier Golf Membership or a regular Golf Membership and at the time the application is submitted to the Board of Directors, the Club is continuing to issue Golf Memberships, then the application submitted to the Board of Directors shall be accompanied by a check for the then applicable initiation fee.

B. Associate Tennis Membership. If the application pertains to an Associate Tennis Membership, then the application submitted to the Board of Directors shall be accompanied by a check for the then-applicable non-refundable annual fee.

C. Golf Memberships Not Available. If at the time an application for a regular or Premier Golf Membership is submitted to the Board of Directors the Club has ceased issuing Golf Memberships, then the application submitted to the Board of Directors shall be accompanied by a check in an amount equal to the golf waiting list fee, which shall be set from time to time by the Board of Directors (the "Golf Waiting List Fee"); provided, however, that if a Golf Membership applicant is admitted as a Premier Social Member at the time he or she applies for a Golf Membership and he or she pays the applicable Premier Social Membership initiation fee, he or she shall not have the obligation to pay the Golf Waiting List Fee. Upon receipt of such application, the applicant shall be placed on the waiting list for Golf Memberships (the "Golf Waiting List"). Owners of Residential Lots shall be given first priority on the Golf Waiting List over those persons on the Golf Waiting List who do not own Residential Lots. Upon admittance into The Boulders Club as a regular or Premier Golf Member, the Golf Member applicant shall immediately pay the then-applicable regular or Premier Golf Membership initiation fee but shall be entitled to a credit against that fee in the amount of the Golf Waiting List Fee or the Premier Social Membership initiation fee, whichever he or she paid.

4.3 Owners/Non-Owners of Residential Lots. Memberships are primarily held by owners of Residential Lots. Notwithstanding the foregoing, The Boulders Club may offer regular Golf and Premier Golf Memberships to persons who are not owners of Residential Lots ("Non-Property Owners") as The Boulders Club determines from time to time, so long as the total number of Premier Golf and regular Golf Memberships does not exceed 400. Memberships are personal to the Members and, therefore, are not tied to the ownership of any Residential Lot. Accordingly, except as provided in this Agreement, a Member who sells his or her Residential Lot may not transfer the Membership to the purchaser of the Residential Lot. All purchasers of Residential Lots who desire to become Members of the Club must submit an application for a transfer of the Membership pursuant to the provisions set forth below. Furthermore, the Board of Directors will not grant Premier Social Memberships or Premier Clubhouse Memberships to individuals who do not own Residential Lots except under the circumstances set forth below. If the total number of active dues-paying Premier and regular Social and Clubhouse Memberships falls below one hundred ten (110) (not including a reduction in the number of those memberships based on any upgrades to Golf Memberships

during the initial offering) for a period of ninety (90) days, The Boulders can issue Premier Social and Premier Clubhouse Memberships to individuals who do not own Residential Lots until such time as there are a combined total of one hundred fifty (150) Premier and regular Social and Premier and regular Clubhouse Memberships. Should The Boulders offer Premier or regular Golf Memberships, Premier Social, or Premier Clubhouse Memberships to Non-Property Owners, Members will be given an opportunity to recommend candidates for such membership in the Club. Associate Tennis Memberships will be offered and issued only to Non-Property Owners, and will not be made available to persons who own or purchase a Residential Lot in the Community. The Boulders will not create and offer any new category of Membership offering access to any of the Club Facilities to persons who do not own property in The Boulders Development. Furthermore, the Club will not grant Memberships to any owners of timeshare or interval ownership units at The Boulders Development, if such units are ever developed at The Boulders Development. Property owners in The Boulders Development will take priority over Non-Property Owners for any available Memberships.

4.4 Retention of Membership Upon Sale of Residential Lot. If not transferred or otherwise resigned in accordance with the provisions of Section 6.7, the Membership of any Member who is an owner of a Residential Lot shall not terminate automatically if the Member sells or is otherwise divested of all or substantially all of his or her interest in the Residential Lot and the holder of the Membership may continue his or her Membership privileges in the Club after the sale of his or her Residential Lot.

5. INITIATION FEES, DUES AND CHARGES.

5.1 Initiation Fees.

A. General Description. The initiation fees for each Membership classification shall be determined from time to time by the Board of Directors. The Board of Directors will make a schedule of such initiation fees available to all Members and prospective applicants who request the schedule. Members who elect the refundable Membership option will be entitled to a refund of their initiation fee upon termination and reissuance of the Membership in accordance with Section 6 of this Agreement. Members who elect the non-refundable Membership option will not be entitled to a refund or payment of the initiation fee under any circumstance, whether after termination or resignation by the Member or the Board of Directors, death or otherwise, except as set forth in this Agreement.

B. Payable. The initiation fee is payable at the time the Application for Membership or transfer is submitted to the Board of Directors.

5.2 Dues.

A. General Description. Every Member shall pay monthly dues in an amount determined by the Board of Directors. The amount of monthly dues varies between the different Membership classifications. The Board of Directors will make a schedule of the monthly dues available to all Members.

B. Food and Beverage Minimum. The Board of Directors may not institute a requirement that Members expend in any calendar year no less than a specified dollar amount on food and beverage purchases from the Club.

C. Limitations on Increases. Each Member's monthly dues may be increased from time to time by the Board of Directors, in its sole discretion, provided that the Board of Directors may increase a Member's monthly dues only up to the lesser of (i) five percent (5%) per year; or (ii) the yearly percentage increase in the Consumer Price Index for All Urban Consumers, published by the United States Bureau of Labor Statistics, except that:

(i) On the later of (i) January 1, 2010, or (ii) the first day of the month following the substantial completion of the clubhouse renovation, monthly dues will increase as follows:

<u>Membership Category</u>	<u>Monthly Dues</u>	
	<u>Single</u>	<u>Family</u>
Premier Golf	\$498	\$650
Regular Golf	\$446	\$597
Premier Social	\$239	\$331
Regular Social	\$186	\$280
Premier Clubhouse	\$196	\$252
Regular Clubhouse	\$144	\$201

For the purposes of this Section 5.2C, the clubhouse renovation shall be deemed "substantially complete" once all items remaining to be completed are of a type that would typically be included on a "punch list" in a commercial real estate transaction, and which are not material to the renovation.

(ii) Dues for new Non-Property Owner Members (who join after the Amendment Date) will be set at the amounts set forth in the above chart, effective upon acquisition of their membership. After dues amounts for Original Members and new property owner Members reach the amounts shown in the above chart, no distinction will be made between Original Members, new property owner Members, and new Non-Property Owner Members for the purposes of dues determinations, and all increases thereafter will be subject to the limitation on dues increases described in this Section 5.2C.

5.3 Annual Trail Fees

Members owning golf carts may use such carts on the Golf Courses provided each Member has (i) registered the cart with the Club, (ii) used the cart in accordance with rules and regulations established from time to time with regard to such use and (ii) paid the annual cart trail fee to The Boulders Club. The annual cart trail fee may not increase until January 1, 2011; thereafter, the annual cart trail fee may be increased from time to time by the Board of Directors, in its sole discretion, provided that such increase is not greater than the lesser of (i) five percent (5%) per year; or (ii) the yearly percentage increases in the Consumer Price Index for All Urban Consumers, published by the United States Bureau of Labor Statistics.

5.4 Dues and Charges. All monthly dues and charges for which the Members are liable (including, without limitation, monthly dues, guest fees, annual trail fees, food and drink charges and shop charges) shall be payable upon receipt of invoices therefor.

5.5 Interest on Late Payments. All dues and other charges that are not paid within thirty (30) days after receipt of an invoice therefor shall accrue interest until paid at an annual rate of the lesser of (i) 18% or (ii) the maximum rate permitted by law. Such interest shall be a part of and shall be paid with the payment of the dues and other charges.

5.6 Retention of Receipts. The Members should keep their receipts evidencing their purchases at the Club Facilities because the invoices for such purchases will not contain copies of such receipts.

5.7 Suspension. The Board of Directors shall have the right to indefinitely suspend the rights and privileges of any Member who fails to pay any indebtedness to The Boulders Club (including, without limitation, monthly dues and charges) prior to the expiration of the ninetieth day after such indebtedness arises. After such suspension, the Member may have his or her Membership reinstated only by the payment in full of all of his or her then-outstanding indebtedness to The Boulders Club. The Board of Directors shall have the right to indefinitely suspend the rights and privileges of any Member who fails to comply with the Rules and Regulations or any Member whose Family, or any member of the Family, fails to comply with the provisions of this Agreement or the Rules and Regulations. All notices of suspension shall be in writing and shall indicate the reason for the suspension and the action necessary for the reinstatement of the Member's rights and privileges. A Member whose rights and privileges have been so suspended shall not be relieved from his or her obligation to pay monthly dues, charges and all other indebtedness to The Boulders Club.

5.8 Expulsion. The Board of Directors shall have the right to terminate the Membership of any Member whose rights and privileges have been suspended and who has failed to take the actions necessary to have his or her Membership rights and privileges reinstated within thirty (30) days after such suspension. The Board of Directors shall also have the right to terminate the Membership of any Member who has failed to comply with the provisions of this Agreement or the Rules and Regulations in a manner which the Board of Directors, in its sole discretion, determines to warrant termination. In addition, the Board of Directors shall be entitled to terminate the Membership of any Member who has had his or her Membership rights and privileges suspended as provided above on more than two (2) occasions. All notices of termination shall be in writing and shall indicate the reason for such termination. The termination of a Membership shall not relieve such ex-Member from liability to The Boulders Club for all due and payable monthly dues, charges and other indebtedness to The Boulders Club through the end of the month of termination.

6. **TRANSFER AND TERMINATION OF MEMBERSHIP AND CONVERSION OF CLASSIFICATION.**

6.1 Termination of Memberships. If a Member desires to terminate his or her Membership, such Member shall so notify the Board of Directors in writing. On the thirtieth day after the Board of Director's receipt of such notice and the Member's payment in full of all of his or her outstanding obligations to the Club, the Member's Membership shall be deemed

terminated and the Member shall have no further rights or obligations (including the obligation to pay dues) under this Agreement except in the case of refundable Memberships, the right to receive remuneration for The Boulders Club's sale of his or her Membership as provided in Sections 6.3, 6.4 and 6.5 below. Members who elect the non-refundable Membership option will not be entitled to a refund or payment of the initiation fee under any circumstances, whether after termination or resignation by the Member or the Board of Directors, death or otherwise, except as set forth in this Agreement.

6.2 Transfers of Memberships. Except as expressly provided in this Agreement and the Membership Plan, no Membership may be transferred, assigned or conveyed.

6.3 Transfer of regular Golf and Premier Golf Memberships.

A. Golf Transfer List. The Club shall maintain a list of all refundable regular Golf and Premier Golf Memberships which are terminated with the approval of the Board of Directors as provided above (the "Golf Transfer List"). At such time as a Member properly terminates his or her refundable regular Golf or Premier Golf Membership, his or her name shall be added to the end of the Golf Transfer List.

B. Transfers of regular Golf and Premier Golf Memberships.

(i) Approved regular Golf and Premier Golf Applicants. When a regular Golf or Premier Golf Membership application is approved by the Board of Directors and the approved applicant pays his or her initiation fee, 50% of the then current initiation fee for a refundable regular Golf Membership shall be paid to the person whose name is on the top of the Golf Transfer List if that person was a regular Golf Member and the balance of the initiation fee paid by the applicant shall be retained by The Boulders. Notwithstanding the foregoing, if the person whose name is on the top of the Golf Transfer List is an Original regular Golf Member or regular Golf Member who is on the Golf Transfer List as of the Amendment Date, his or her initiation fee refund amount shall not be less than \$40,000.

If the person whose name is on the top of the Golf Transfer List held a Premier Golf Membership, then the resigned Member shall be paid 80% of the then current initiation fee for a refundable Premier Golf Membership and the balance of the initiation fee paid by the applicant shall be retained by The Boulders. Notwithstanding the foregoing, if the person whose name is on the top of the Golf Transfer List is an Original Premier Golf Member or a Premier Golf Member who is on the Golf Transfer List as of the Amendment Date, his or her initiation fee refund amount shall not be less than \$80,000.

The foregoing amounts shall be paid to the refundable regular Golf or Premier Golf Member at the top of the Golf Transfer List regardless of whether the applicant purchases a refundable or non-refundable Membership in The Boulders Club.

If there are no Members on the Golf Transfer List at the time an applicant for a regular Golf or Premier Golf Membership is approved by the Board of Directors and the number of regular Golf and Premier Golf Members is less than 400, and the approved applicant pays his or her initiation fee, The Boulders shall retain 100% of the initiation fee paid.

(ii) Removal From Transfer priority List. Upon the receipt of the payment provided above, the ex-Member's name shall be immediately removed from the Golf Transfer List.

(iii) No Obligation to Purchase. Nothing in this Agreement shall obligate The Boulders to purchase any Membership.

6.4 Transfer of Social and Premier Social Memberships.

A. Social Transfer List. The Boulders Club shall maintain a list for all refundable regular Social and Premier Social Memberships which are terminated with the approval of the Board of Directors as provided above (the "Social Transfer List"). At such time as a refundable regular Social or Premier Social Member terminates his or her Membership, the Member's name will be added to the end of the Social Transfer List; provided, however, that regular Social and Premier Social Members who, pursuant to the provisions of Section 4.2 above, purchased their Memberships in lieu of unavailable Golf Memberships and later obtained a Golf Membership and a credit against the Golf Membership initiation fee shall not be added to the Social Transfer List and shall not be entitled to the benefits of this Section 6.4.

B. Approved Premier Social Applicant. When an application for a Premier Social Membership is approved by the Board of Directors and the approved applicant pays his or her initiation fee, if there is at least one Member on the Social Transfer List, the first Member on the Social Transfer List shall receive a refund as follows: If the first Member on the Social Transfer List is a Premier Social Member, 80% of the then-current initiation fee for Social Membership shall be refunded to the Member and the balance of the initiation fee paid by the applicant shall be retained by The Boulders. If the first Member on the Social Transfer List is a regular Social Member, 50% of the then-current initiation fee for Premier Social Membership shall be refunded to the Member and the balance of the initiation fee paid by the applicant shall be retained by The Boulders. The foregoing amount shall be paid to the Member on the top of the Social Transfer List regardless of whether the applicant purchases a refundable or non-refundable Membership in The Boulders Club. Notwithstanding the foregoing, if the person whose name is on the top of the Social Transfer List is an Original Member or a resigned Member whose name was on the Social Transfer List as of the Amendment Date, he or she shall receive a refund in an amount not less than: (i) \$23,500 in the case of a Premier Social Member; and (ii) \$17,400 in the case of a Social Member.

If there are no Members on the Social Transfer List at the time an applicant for a Premier Social Membership is approved by the Board of Directors and the approved applicant pays his or her initiation fee, The Boulders shall retain 100% of the initiation fee paid.

C. Removal From Transfer Priority List. Upon the receipt of the payment provided above, the ex-Member's name shall be immediately removed from the Social Transfer List.

D. No Obligation to Purchase. Nothing in this Section 6.4 shall obligate The Boulders to purchase any Membership.

6.5 Transfer of Clubhouse and Premier Clubhouse Memberships.

A. Clubhouse Transfer List. The Boulders Club shall maintain a list for all refundable regular Clubhouse and Premier Clubhouse Memberships which are terminated with the approval of the Board of Directors as provided above (the "Clubhouse Transfer List"). At such time as a refundable regular Clubhouse or Premier Clubhouse Member terminates his or her Membership, the Member's name will be added to the end of the Clubhouse Transfer List.

B. Approved Premier Clubhouse Applicant. When an application for a Premier Clubhouse Membership is approved by the Board of Directors and the approved applicant pays his or her initiation fee, if there is at least one Member on the Clubhouse Transfer List, the first Member on the Clubhouse Transfer List shall receive a refund as follows: If the first Member on the Clubhouse Transfer List is a Premier Clubhouse Member, 80% of the then-current initiation fee for Premier Clubhouse Membership shall be refunded to the Member and the balance of the initiation fee paid by the applicant shall be retained by The Boulders. If the first Member on the Clubhouse Transfer List is a regular Clubhouse Member, 50% of the then-current initiation fee for Premier Clubhouse Membership shall be refunded to the Member and the balance of the initiation fee paid by the applicant shall be retained by The Boulders. The foregoing amount shall be paid to the Member on the top of the Clubhouse Transfer List regardless of whether the applicant purchases a refundable or non-refundable Membership in The Boulders Club. Notwithstanding the foregoing, if the person whose name is on the top of the Clubhouse Transfer List is an Original Member or a resigned Member whose name was on the Clubhouse Transfer List as of the Amendment Date, he or she shall receive a refund in an amount not less than: (i) \$16,000 in the case of a Premier Clubhouse Member; and (ii) \$10,000 in the case of a Clubhouse Member.

If there are no Members on the Clubhouse Transfer List at the time an applicant for a Premier Clubhouse Membership is approved by the Board of Directors and the approved applicant pays his or her initiation fee, The Boulders shall retain 100% of the initiation fee paid.

C. Removal From Transfer Priority List. Upon the receipt of the payment provided above, the ex-Member's name shall be immediately removed from the Clubhouse Transfer List.

D. No Obligation to Purchase. Nothing in this Section 6.5 shall obligate The Boulders to purchase any Membership.

6.6 Inactive Status. Any Member wishing to apply for inactive status may do so upon written notice to the Board of Directors and payment in full of all of his or her outstanding obligations to The Club. Requests for inactive status shall not be effective until the Member's receipt of the Board of Directors' notification that it has approved changing the Member's Membership from an active Membership to an inactive Membership. Members on approved inactive status do not pay dues and shall not have any of the rights and privileges of Membership including, without limitation, the right to use the Club or the Club Facilities. Subject to the provisions below, the Board of Directors shall have the sole discretion on whether to grant applications for inactive status and to set the term of the inactive status. The Board of Directors should grant inactive status if the Member is suffering from debilitating illness or injury.

6.7 Transfers of Memberships in Connection with Residential Lot Sale.

A. Notification of the Club. When a Member sells his or her Residential Lot and desires to transfer his or her Membership to the purchaser of the Residential Lot, then the Member shall so notify the Board of Directors.

B. Application and Initiation Fee. The proposed transferee shall complete and submit to the Board of Directors an application for the transferring Member's category of Membership (either Premier or regular, as desired by the proposed transferee), in a form approved by the Board of Directors, together with a check in the amount of the then applicable initiation fee.

C. Review; Disbursement of Initiation Fee. The Board of Directors will review the application, investigate the applicant and decide whether the applicant will be admitted as a Member of The Boulders Club. The Board of Directors shall keep confidential its proceedings concerning the applicant's application. Upon the Board of Director's approval of the applicant, the Board of Directors will so notify the applicant and the transferring Member. The transferee's Membership and the termination of the transferor's Membership shall be effective upon the closing of the transferee's purchase of the Member's Residential Lot. The transferor will not be subject to the transfer list for his or her category of Membership and may be entitled to receive a refund in the amount that would be due to the Member upon termination of Membership as provided in Sections 6.3, 6.4 and 6.5 hereof.

6.8 Conversion of One Classification or Sub-Classification of Membership for Another.

A. Social to Golf. If a regular Golf Membership is available, a regular Social Member in good standing may convert his or her Membership into a regular Golf Membership upon the application to and approval by the Board of Directors and the payment to The Boulders of the then applicable initiation fee for a regular Golf Membership. In the case of a refundable membership, the converting Member shall be entitled to receive a credit against the regular Golf Membership initiation fee in the amount of the initiation fee he or she paid for his or her Social Membership.

B. Clubhouse to Social. If a regular Social Membership is available, a Clubhouse Member in good standing may convert his or her Membership into a Social Membership upon the application to and approval by the Board of Directors and the payment to The Boulders of the then applicable initiation fee for a Social Membership. In the case of a refundable membership, the converting Member shall be entitled to receive a credit against the Social Membership initiation fee in the amount the Member originally paid for his or her Clubhouse Membership.

C. Clubhouse to Golf. If a regular Golf Membership is available, a regular Clubhouse Member in good standing may convert his or her Membership into a regular Golf Membership upon the application to and approval by the Board of Directors and the payment to The Boulders of the then applicable initiation fee for a regular Golf Membership. In the case of a refundable membership, the converting Member shall be entitled to receive a credit against

the regular Golf Membership initiation fee in the amount of the initiation fee the Member originally paid for his or her Clubhouse Membership.

D. Golf to Social or Clubhouse; Social to Clubhouse. If a regular Golf Member in good standing desires to convert his or her Membership to a regular Social or Clubhouse Membership, if one is available, he or she must terminate the regular Golf Membership as provided above and apply for the regular Social or Clubhouse Membership. If a regular Social Member in good standing desires to convert his or her Membership to a regular Clubhouse Membership, if one is available, he or she must terminate the Social Membership as provided above and apply for the regular Clubhouse Membership. In the case of a refundable membership, the converting Member shall be entitled to a credit against the amount of the initiation fee required for the lower category of Membership in the amount of the refund that would then be due the converting Member based on termination of his or her Membership. Upon being eligible for the refund, The Boulders shall deduct therefrom the amount of the credit given for the purchase of the lower category of Membership and any balance shall be paid to the Member.

E. Premier Social to Premier Golf. If a Premier Golf Membership is available, a Premier Social Member in good standing may convert his or her Membership into a Premier Golf Membership upon the application to and approval by the Board of Directors and the payment to The Boulders of the then applicable initiation fee for a Premier Golf Membership. In the case of a refundable membership, the converting Member shall be entitled to receive a credit against the Premier Golf Membership initiation fee in the amount of the Premier Social Membership initiation fee previously paid by the Member.

F. Premier Clubhouse to Premier Social. If a Premier Social Membership is available, a Premier Clubhouse Member in good standing may convert his or her Membership into a Premier Social Membership upon the application to and approval by the Board of Directors and the payment to The Boulders of the then applicable initiation fee for a Premier Social Membership. In the case of a refundable membership, the converting Member shall be entitled to receive a credit against the Premier Social Membership initiation fee in the amount of the Premier Clubhouse Membership initiation fee previously paid by the Member.

G. Premier Clubhouse to Premier Golf. If a Premier Golf Membership is available, a Premier Clubhouse Member in good standing may convert his or her Membership into a Premier Golf Membership upon the application to and approval by the Board of Directors and the payment to The Boulders of the then applicable initiation fee for a Premier Golf Membership. In the case of a refundable membership, the converting Member shall be entitled to receive a credit against the Premier Golf Membership initiation fee in the amount of the Premier Clubhouse Membership initiation fee previously paid by the Member.

H. Premier Golf to Premier Social or Premier Clubhouse; Premier Social to Premier Clubhouse. If a Premier Golf Member in good standing desires to convert his or her Membership to a Premier Social or Premier Clubhouse Membership, he or she must terminate the Premier Golf Membership as provided above and apply for the Premier Social Membership or Premier Clubhouse Membership. If a Premier Social Member in good standing desires to convert his or her Membership to a Premier Clubhouse Membership, he or she must terminate the Premier Social Membership as provided above and apply for the Premier Clubhouse

Membership. In the case of a refundable membership, the converting Member shall be entitled to a credit against the amount of the initiation fee required for the lower category of Membership in the amount of the refund that would then be due the converting Member based on termination of his or her Membership. Upon being eligible for the refund, The Boulders shall deduct therefrom the amount of the credit given for the purchase of the lower category of Membership and any balance shall be paid to the Member.

I. Individual to Family. Any Individual Member in good standing may convert his or her Individual Membership to a Family Membership by sending written notice of his or her desired conversion to the Board of Directors. The conversion shall be effective on the first day of the first calendar month after the Board of Directors' receipt of such notice. Upon such conversion, the Member shall pay the dues applicable to the Family Membership.

J. Family to Individual. Any Member in good standing with a Family Membership may convert his or her Family Membership to an Individual Membership by sending written notice of his or her desired conversion to the Board of Directors. The conversion shall be effective on the first day of the first calendar month after the Board of Directors' receipt of such notice. Upon such conversion, the Member shall pay the dues applicable to the Individual Membership and shall not be entitled to terminate the Membership for a period of one (1) year from the effective date of the conversion.

K. Conversion for Refundable Members Only. A Member with a refundable Membership may only convert his or her Membership to a refundable Membership of another classification or sub-classification. A Member with a non-refundable Membership may not convert his or her Membership to another classification.

6.9 Legal Separation or Divorce. In the event of the divorce or separation of spouses having Membership privileges, the Membership, including all of its rights and benefits, will vest in the spouse awarded the Membership by an agreement of separation or a decree of divorce. Until the award of the Membership and written notice thereof is provided to The Boulders Club, both spouses will be jointly and severally liable for all dues and charges and both may continue to enjoy Membership privileges so long as such amounts are timely paid. The Boulders Club reserves the right, in its sole discretion, not to transfer the Membership to either spouse if the Club, in its sole discretion, is unable to determine the person who is lawfully entitled to receive the Membership.

6.10 Transfer Upon Death of a Member. Upon the death of a Member and by giving written notice to the Club, the surviving spouse, if any, may elect to: (i) continue the Membership privileges without having to pay any additional initiation fee; or (ii) terminate the Membership. Failure of the surviving spouse to elect one of said alternatives shall be deemed an election to continue the Membership privileges. In the event there is no surviving spouse, the death of the Member shall result in the automatic termination of the Membership. Memberships that are terminated based on the death of the Member shall be treated in the same manner as any other similar Membership in the Club which is terminated as provided previously.

6.11 Terminations, Transfers and Conversions; Effect. Although the term "transfer" is used throughout this Article 6, Memberships are not transferred. Upon the termination of a

Membership, the transfer of Membership in connection with a Residential Lot sale or the conversion of a Membership classification for another, the preceding Membership shall be deemed terminated and another, new Membership issued in its place.

6.12 Memberships Purchased Prior to January, 1987. Memberships purchased prior to the expiration of December 31, 1986, may have been pursuant to terms which provided for rights upon the transfer or cancellation and resale of the Membership which are different than are set forth in this Article 6. If so, the transfer or cancellation and resale rights under the terms of such pre-1987 Memberships shall control over those contained in this Article 6 and such Members shall not be entitled to the rights afforded Members under this Article 6, with the exception of those contained in Section 6.7, which shall be available to such Memberships. Members with Memberships purchased before the expiration of December, 1986, should contact The Boulders Club manager to determine their transfer and cancellation rights and obligations. With the exception of the matters discussed in the preceding three sentences, the provisions of this Agreement shall supersede all of the provisions of the Membership Agreement and By-laws which set forth the Members rights and obligations, if any, under its previous Membership Agreement with The Boulders Club.

6.13 Social Memberships Purchased Prior to September 1, 1986. Memberships purchased prior to the expiration of August 31, 1986, may have been pursuant to terms which provided for rights upon the transfer or cancellation and resale of the Membership which are different than are set forth in this Article 6. If so, the transfer or cancellation and resale rights under the terms of such pre-September 1, 1986 Membership shall control over those contained in this Article 6 and such Members shall not be entitled to the rights afforded Members under this Article 6 with the exception of those contained in Section 6.7, which shall be available to such Memberships. Members with Memberships purchased before the expiration of August, 1986, should contact The Boulders Club manager to determine their transfer and cancellation rights and obligations. With the exception of the matters discussed in the preceding three sentences, the provisions of this Agreement shall supersede all of the provisions of the Membership Agreement and Bylaws which set forth the Members rights and obligations, if any, under its previous Membership Agreement with The Boulders Club.

6.14 Discretion of the Board of Directors. All decisions concerning applications for Membership or the transfer of a Membership shall be made by the Board of Directors in its sole discretion.

7. **THE BOULDERS CLUB ORGANIZATION.**

7.1 Ownership. The Boulders Club, the Club Facilities and all rights and privileges appurtenant to such property are held by The Boulders. The Members do not have any interest in The Boulders Club, the Golf Courses, the Tennis Courts, the food and beverage facilities or the other facilities comprising the Club Facilities.

7.2 Control.

A. Board of Directors. The Club is managed by a Board of Directors which comprises individuals selected from time to time by The Boulders.

B. Advisory Committee. The Members shall be entitled to establish an advisory committee (the "Advisory Committee"), composed of Members owning each of the different Membership classifications, to offer their opinions, advice and input to The Boulders Club manager. The Boulders Club Manager will regularly meet with the committee to help foster The Boulders Club manager's and the Board of Directors' awareness of the Members' concerns and ideas. The Advisory Committee shall be chosen in accordance with rules and procedures including election by the membership as established by the Advisory Committee from time to time, subject to the approval of the Club, which shall not be unreasonably withheld. The Club may only withhold approval of such procedures if it determines that such procedures are not fair to members.

C. Standing Committees. The Boulders Club will establish Standing Committees composed of Members, such as spa, golf, tennis, communications, house (including food and beverage), and clubhouse renovations. Directors of these activities and services will work with each Standing Committee to address problems, solicit suggestions and work to improve services. Members of each Standing Committee shall be appointed by the Advisory Committee, subject to the Club's approval, which shall not be unreasonably withheld.

7.3 Rights and Obligations of The Boulders.

A. First-Class Club. The Boulders will maintain the Club and the Club Facilities in a first-class manner, comparable to other first-class clubs in the Phoenix metropolitan area, which will enhance and maintain the lifestyle of those choosing to live in The Boulders Development. The Boulders will employ The Boulders Club manager and all other personnel necessary to meet this obligation.

B. Segregation of Use. The Boulders Club shall have the right at all times to designate which of the Golf Courses will be available for the exclusive use of the Members and which will be available for the use of the Resort guests and other individuals and groups as well as the Members.

C. Right to Sell, Lease or Finance. This Agreement shall not restrict in any way The Boulders' right to sell, lease or finance all or any portion of The Boulders Club, the Golf Courses, the Tennis Courts or the other Club Facilities. If The Boulders sells or leases all or any portion of The Boulders Club, the Golf Courses, the Tennis Courts or the other Club Facilities, then any successor owner or lessee must assume The Boulders' obligations under this Agreement.

D. Maintenance. The Board of Directors shall, in its sole discretion, make all decisions regarding the operation and maintenance of the Club Facilities. In connection with these decisions, the Board of Directors shall be entitled to close down the Golf Courses, the Tennis Courts and any of the other Club Facilities for repair, restoration, relocation, expansion or remodeling. In addition and not by means of limitation, the Golf Courses may be closed because of water shortages, grass fungi, grass-affecting diseases and other matters which, in the sole discretion of the Board of Directors, require a cessation or reduction in play (e.g. the closure of one of the Golf Courses and the consolidation of play onto the remaining Golf Course during the summer months of June, July and August).

E. Rules and Regulations. The Board of Directors shall establish, maintain and, from time to time, amend Rules and Regulations (the "Rules and Regulations") governing the use of the Club Facilities by the Members, their guests and the Resort guests. Copies of the Rules and Regulations shall be made available to all Members and Resort guests.

F. Interpretation. All decisions of the Board of Directors shall be final on all questions involving the interpretation or construction of this Agreement, the rights and privileges of the Members under this Agreement, the Membership Plan and the Rules and Regulations. In resolving such questions, the Board of Directors shall act reasonably and in good faith.

G. Amendment to Membership Agreement. Provided that any modification or amendment of this Agreement does not materially and adversely affect the then-current Members' rights under Sections 1.8, 2.1, 2.2, 2.3, 2.4, 4.3, 5.2 B, 5.2 C, 5.3, 6.1, 6.3, 6.4, 6.5, 6.7, 7.2B, 7.2C, 7.3 A, 7.3 C and 9.5, and the right of refundable Members (upon conversion to a higher membership category) to 100% credit of the initiation fee they previously paid toward the initiation fee of the new membership category pursuant to Section 6.8 of this Agreement, The Boulders, in its sole discretion, shall be entitled to unilaterally modify and amend this Agreement (including establishing, changing and terminating the various Membership classifications and the terms of admission, privileges and facilities available to Members within each Membership classification). The Boulders may modify and amend this Agreement in a manner which materially and adversely affects the then-current Members' rights under Sections 1.8, 2.1, 2.2, 2.3, 2.4, 4.3, 5.2 B, 5.2 C, 5.3, 6.1, 6.3, 6.4, 6.5, 6.7, 7.2B, 7.2C, 7.3 A, 7.3 C and 9.5, and the right of refundable Members (upon conversion to a higher membership category) to 100% credit of the initiation fee they previously paid toward the initiation fee of the new membership category pursuant to Section 6.8 of this Agreement if such modification or amendment is approved by more than 50% of the total of the then current Members (if the modification or amendment affects all of the Membership classifications) or by more than 50% of the then-current Members of the applicable Membership classifications (if the modification or amendment affects less than all of the Membership classifications). All such modifications and amendments shall be in writing and shall be sent to all Members. This Section 7.3 G may not be modified or amended without the approval of more than 50% of the total of the then current Members. Notwithstanding the foregoing, only Original Members and those Members in each Membership category who own a Residential Lot shall be entitled to vote on proposed amendments to modify this Agreement.

8. **THE BOULDERS RESORT.**

8.1 Acknowledgments. The Resort is an integral part of The Boulders Development and adds great value to The Boulders Club, the Members and the Memberships.

8.2 Use Rights. The Resort guests and others designated by The Boulders shall have the right to use any of the Golf Courses not specifically designated for Member play, one-half of the Tennis Courts and all of the other Club Facilities except those marked "For Members and Their Guests Only."

9. MISCELLANEOUS.

9.1 Notices. No notice, consent, approval or other communication provided for herein or given in connection herewith shall be validly given, made, delivered or served unless it is in writing and delivered personally, sent by overnight courier, or sent by registered or certified United States mail, postage prepaid, with return receipt requested. Notices, consents, approvals, and communications given by mail shall be deemed delivered upon the earlier of forty-eight (48) hours after deposit in the United States mail in the manner provided above or upon delivery as set forth above if delivered personally or sent by overnight courier.

9.2 Interpretation; Time of Essence. The captions of the Sections of this Agreement are for convenience only and shall not govern or influence the interpretation hereof. Time is of the essence of this Agreement.

9.3 No Partnership, Third Person. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other similar arrangement between a Member and The Boulders. No term or provision of this Agreement is intended to, or shall, be for the benefit of any person, firm, corporation or other entity not a party hereto, and no such party shall have any right or cause of action hereunder.

9.4 Entire Agreement. This Agreement together with the Membership Plan (as to Premier Members) and the Membership Application or Membership Agreement, as the case may be, constitutes the entire agreement between and reflects the reasonable expectations of the parties pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein. Neither this Agreement nor any memorandum thereof shall be recorded in the public records without the prior written approval of The Boulders, which approval may be withheld in The Boulders' sole and absolute discretion.

9.5 Conflicts. In the event of any conflict between the terms of this Agreement and the Membership Plan and/or the Rules and Regulations, the terms of this Agreement shall control.

9.6 Arizona Law. This Agreement shall be governed by the laws of the State of Arizona.

9.7 Membership Plan. Notwithstanding anything to the contrary contained herein, The Boulders Club Membership Plan shall not apply to regular Golf, Social and Clubhouse Members, but shall apply only to Premier Members.

9.8 Agreement Supercedes Prior Agreement. This amended and restated Membership Agreement and By-Laws supercedes the Membership Agreement and By-Laws as revised through March 8, 2001, as amended March 2, 2004.